

**CITY OF LODI
INFORMAL INFORMATIONAL MEETING
"SHIRTSLEEVE" SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, AUGUST 7, 2001**

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, August 7, 2001 commencing at 7:02 a.m.

A. ROLL CALL

Present: Council Members – Howard, Pennino, and Mayor Nakanishi

Absent: Council Members – Hitchcock, Land

Also Present: City Manager Flynn, City Attorney Hays and City Clerk Blackston

B. CITY COUNCIL CALENDAR UPDATE

City Clerk Blackston reviewed the weekly calendar (filed).

City Manager Flynn reported that an accident occurred yesterday in which a Police Partner was injured. Mr. Flynn also announced that he would be placing an item on the next regularly scheduled City Council agenda to request approval of funding for an official City trip to Japan.

C. TOPIC(S)

C-1 "Electric Utility Improvements"

Electric Utility Director Vallow recalled that five to six years ago Electric Utility began a mission to ensure that the City's electric system was as reliable as possible. They entered into a \$40 million capital improvement program. Over the past 18 months staff has brought forward to Council various proposals to participate in generation. During the past six to eight months there have been several inquiries about building generation in Lodi. Mr. Vallow indicated that an appropriate site would be east of Highway 99 on the industrial property where the Electric Utility substation is currently located, and where the new corporate headquarters will be constructed. He recommended preparing the infrastructure for a 44 to 45 megawatt generation plant.

City Manager Flynn reported that Calpine, Enron, and a private group have been looking at building additional power in Lodi for the past year. The sites they are considering are: 1) the White Slough area; 2) the area near General Mills; and, 3) the industrial park area in east Lodi.

In response to Mayor Nakanishi, Mr. Vallow stated that three options are being investigated for the property at White Slough: 1) peaking plant; 2) small combined cycle plant; and, 3) base load plant.

Council Member Howard asked what steps Electric Utility has taken in order to bring in another transmission line.

Mr. Vallow replied that they now have the plans and the right-of-way for the transmission line project. He anticipated that staff is several months away from bringing a request to Council to begin the California Environmental Quality Act (CEQA) process.

Mayor Nakanishi spoke in favor of building a generation facility in Lodi.

Mr. Vallow reported that currently, base load plants are being developed more frequently than peak power plants. He indicated that the substation site in the east Lodi industrial park area is planned to accommodate a heat recovery steam generator. A peaking plant is estimated to cost \$40 million. Conversion to a combined cycle plant would be an additional \$12 to \$15 million. With an additional module, it could then be converted to a base load plant.

Continued August 7, 2001

Mayor Pro Tempore Pennino expressed concern about the size of the plant and recommended that before this matter goes any further, the Council should do a site visit and be shown conceptual drawings/overlays of the project. He commented that the transmission line project could be deferred a couple of years if a generation plant was built in Lodi.

In response to questions by Mayor Nakanishi, Mr. Vallow stated that he hoped the generation facility could be a City owned project. A new generation plant could be incrementally staffed using some of the existing personnel that operate the White Slough facility and the turbine. The Northern California Power Agency would be used as the operating agent. He anticipated a "take or pay" contract arrangement with a counter party and stated that tax exempt debt would be used for the \$40 to \$45 million project. The CEQA process will address the air quality, noise, and visual aspects of the project.

Mayor Nakanishi stated that he preferred the White Slough site.

Mayor Pro Tempore Pennino pointed out that infrastructure is already in place at White Slough. He expressed apprehension about the City funding the project and its sole proprietary involvement.

Mr. Flynn noted that one of the proposals that has been discussed was the City financing the project with a guarantee from the state that they would buy all the electricity.

Mr. Vallow estimated that a request for Council to authorize staff to move forward with the CEQA process could be scheduled within four to six weeks.

D. COMMENTS BY THE PUBLIC ON NON-AGENDA ITEMS

None.

E. ADJOURNMENT

No action was taken by the City Council. The meeting was adjourned at 7:38 a.m.

ATTEST:

Susan J. Blackston
City Clerk